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# POLICY RESEARCH NOTES

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*For professional workers in Public Agricultural and Food Price and Income Policy  
Research, Teaching, Extension, Policymaking*

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## INTRODUCTION

The general purpose of this newsletter is to contribute to improved research on price and income policy in the agricultural and food area by providing a current means of communication among professional workers involved in policy research and policy-making. Requests for copies of the earlier issues or for the *Policy Workers List*, and comments or suggestions about these efforts may be sent to either address listed below. Contents of this issue:

- Announcements of Policy Activities
- Past and Prospective Policy Developments
- Commentary on Policy Directions and Issues
- News Items
- Research Publications Available

## ANNOUNCEMENTS

### International Trade and Agriculture Symposium

A major research symposium focusing on agricultural trade is scheduled for April 17-20, 1977, Arizona Inn, Tucson, Arizona. Principal objectives are to:

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*Policy Research Notes* is a cooperative effort of the North Central Regional Public Policy Research Task Force and the Agricultural Policy Analysis Program Area, Commodity Economics Division, ERS. The *Notes* are prepared by R.G.F. Spitz, Task Force Chairman, 305 Mumford Hall, Univ. of Illinois, Urbana, IL 61801 and J. B. Penn, Program Leader, APA/CED/ERS, 500 12th St. S.W., Washington, D.C. 20250.

(1) stimulate researchers' interest and consciousness level relative to international trade in agricultural products; (2) explore strategy for effective research in this area; and (3) address basic issues in trade theory and policy. This conference is predominantly oriented toward research problems. However, selected trade people and extension specialists who have an interest in research orientation may find the conference interesting.

Initially supported by the Western Agricultural Experiment Station Directors, the conference has taken on national scope with joint sponsorship by ERS, Farm Foundation, CSRS, and regional research groups. Participants are expected from land-grant universities, ERS, and other public and private agencies concerned with trade and trade policy research. For information on program and arrangements, contact Jimmie S. Hillman, Chairman, Program Committee, Department of Agricultural Economics, University of Arizona, Tucson, Arizona 85721.

#### Farm and Food Policy Symposium

The newly formed Great Plains Policy Research Committee (GPC-5) has announced a Farm and Food Policy Symposium for February 22-24, 1977, in Kansas City, Missouri. This Conference will focus on issues of costs and benefits of stabilization programs, instability and inefficiency, implications of cost of production based price supports, the uniqueness of policy problems to the Great Plains, and current policy developments.

Information about participation and the program may be obtained from James S. Plaxico, Chairman, Program Committee, Department of Agricultural Economics, Oklahoma State University, Stillwater, OK 74074.

#### ERS Initiates New Policy Publication

The Agricultural Policy Analysis Program Area released the first issue of its new *Agricultural-Food Policy Review* this month. The *Review*, to be an occasionally issued periodical, supplements the Policy Background Paper and Policy Issue Paper series initiated in 1976.



Articles in the first *Review* treat provisions of existing farm programs and domestic and foreign food aid programs, describe the current and projected economic setting for U.S. agriculture, and analyze the economic implications of alternatives being proposed for new legislation. However, the report makes no specific recommendations.

"The *Review* is designed to serve two needs," explained ERS Administrator Quentin M. West. "The first is to understand the issues that relate to Federal farm and food programs. The importance of these programs not only to farmers," he added, "but also to consumers, world food supplies, and a healthy environment has come to the fore during the seventies."

"The second need," West noted, "is to assist those making policy decisions in a time of economic uncertainty. The hardest question to answer is how any proposed program may work out in practice. This report gives lawmakers and others our best judgments on the economic forces now at work and impartial analyses of the concepts being considered for new farm programs."

Separate articles in the *Review* discuss the policy environment, the parity concept, target prices and loan rates, the cost of production concept, land reserves, grain reserves, crop insurance and disaster programs, peanut, cotton, and rice programs, interdependence between the grain and livestock sectors, and international considerations for domestic food policies.

Single copies of the *Agricultural-Food Policy Review* are available free on post-card request (please include your zip code) from Publications Services, ERS, USDA, Room 0054-South Building, Washington, D.C. 20250, or by telephone request (202-447-7255).

#### Location of 1977 NPPEC Announced

Plans are being made to hold the 27th Annual National Public Policy Education Conference in Oregon the week of September 12, 1977. Details will be announced later.

### Food Policy Newsletter Launched

A new monthly newsletter in the policy field, *Food Update*, was initiated during the past year by the food analysis staff of the U.S. General Accounting Office. *Food Update* is a report of useful and current legislation on food policy developments. It covers activities in the Congress, Executive Branch, Courts, industry, and international organizations. In addition, it highlights notable upcoming events, discusses current issues in food policy, and reviews changes in key statistical indicators.

*Food Update* may be ordered free from, and comments concerning it are welcomed by, Bill Wood, Food Coordination and Analysis Staff, Rm 6826, U.S. General Accounting Office, 441 G. Street, N.W., Washington, D.C. 20548.

### Leaflets on Issues and Alternatives For the 1977 Legislation

Nine brief leaflets designed by policy workers from all regions and USDA to provide educational material pertinent to the current 1977 agricultural and food policy development are now available. Each report has a similar format and treats the questions: What is the policy issue? What is the current policy (in the 1973 Act)? What are alternative policies? What are the likely future consequences of continuing the present policy or choosing one of the alternatives? They are focused on the following price and income policy issues:

- The 1977 Agricultural and Food Legislation: Issues and Alternatives
- Target Prices, Loan Rates, and Deficiency Payments
- Acreage Allotments
- Production Controls
- Special Commodity Programs
- Crop Insurance and Disaster Payments
- Export and Import Controls
- Commodity Reserves
- Food Aid--Domestic and Foreign

The authors, appointed by the National Public Policy Education Committee to prepare these materials, are: W. E. Black, M. H. Ericksen, B. L. Flinchbaugh, H. D. Guither, D. R. Henderson, R. B. Johnson, R. D. Knutson, T. A. Miller, J. B. Penn, E. E. Peterson, W. N. Schaller, V. L. Sorenson, R. G. F. Spitze, B. F. Stanton, E. Thor, A. S. Walter, and W. F. Woods.

Copies of these leaflets are available from the Cooperative Extension Service of your State. Single copies suitable for reproduction may be ordered from the coordinator and editor, H. D. Guither, Dept. of Ag. Econ., University of Illinois, Urbana, IL 61801.

#### *PAST AND PROSPECTIVE AGRICULTURAL-FOOD POLICY DECISIONS*

This promises to be a landmark year in terms of agricultural policy. In the coming months a number of key pieces of farm legislation will expire: the Agriculture and Consumer Protection Act of 1973 applicable to feed grains, wheat, cotton, wool, and dairy products; the 2-year Rice Production Act of 1975; authorization for the Agricultural Trade and Development Assistance Act of 1954, popularly known as Public Law 480, and the funding authorization for programs under the Food Stamp Act of 1964. This section provides (1) a wrap-up of some of the key policy decisions made by the Federal Executive Branch, the Congress, and commercial producers in 1976, (2) legislative policy plans, and (3) a listing of bills introduced thus far in the 95th Congress.

#### *1976 Federal Executive Decisions*

*(Cecil Davison)*

#### *Commodity Programs*

*Allotments Set.* The 1976 wheat allotment of 61.6 million acres was increased on April 12 to 62.2 million for the 1977 crop. Upland cotton and feed grain allotments for 1977 remain at 1976 levels of 11 and 89 million acres, respectively, unchanged since 1974. The cotton allotment was announced October 15, and that for feed grains, December 21.



In the absence of a set-aside program, the national allotments do not limit the amount of crops grown, but are used in calculating two types of payments to producers, deficiency payments if market prices fall below target prices, and disaster payments for producers who qualify. Producers are eligible for deficiency and disaster payments only on allotted acres.

No set-aside in 1977. The Secretary of Agriculture announced on September 21 that there would be no cropland set-aside in 1977. This is the fourth consecutive year without set-asides for feed grain and wheat programs, the fifth for cotton.

Dairy price support raised. The support price for manufacturing milk was raised to 80 percent of parity effective April 1, the beginning of the 1976/77 dairy marketing year, and again on October 1. Past and present support levels are as follows: April 1, 1975, \$7.24 per 100 pounds; October 1, 1975, \$7.71; April 1, 1976, \$8.13; October 1, 1976, \$8.26. The Agricultural Act of 1949 requires that milk be supported between 75 and 90 percent of parity, as the Secretary of Agriculture judges necessary to assure an adequate supply.

In late January the President vetoed a bill which would have increased the price support level for manufacturing grade milk to 85 percent of parity through March 31, 1978, while providing for quarterly adjustments in the support price during that period. A congressional attempt to override was unsuccessful.

Loan rates hikes for grains. USDA announced higher loan rates for wheat and feed grains on February 24. Because of expanded production of Brazilian soybeans and Asian palm oil, a loan program was reinstated for soybeans. On October 13, 1976 crop wheat and feed grain loan levels were raised and 1977 crop loan rates established. Both previous loan rate levels and the latest announcements are shown below.

Peanut allotment unchanged. A 1.61 million acre allotment and a 2.07-million-ton marketing quota have been established for the 1977 peanut crop. The allotment is the legal minimum and remains unchanged from 1976. USDA is accepting bids for



# Loan Rates, 1975-1977

Crop	Unit	Previous		Current	
		1975	1976	1976	1977
Wheat	Dol./bu.	1.37	1.50	2.25	2.25
Upland cotton	Cents/lb.	34.27	37.12	37.12	42.58 <sup>1/</sup>
Corn	Dol./bu.	1.10	1.25	1.50	1.50
Sorghum	Dol./bu.	1.05	1.19	1.43	1.43
Barley	Dol./bu.	.90	1.02	1.22	1.22
Oats	Dol./bu.	.54	.60	.72	.72
Rye	Dol./bu.	.89	1.00	1.20	1.20
Soybeans	Dol./bu.	--	2.50	2.50	2.50

<sup>1/</sup> Preliminary

surplus 1975-crop peanut oil and 1976-crop peanuts acquired under the peanut price support program. Under existing peanut legislation, minimum support rates and allotments have led to growing CCC stocks which had to be disposed of at increasing losses.

Tobacco quota cut. On November 24 USDA announced a 12-percent reduction in the flue-cured tobacco marketing quota for the 1977/78 marketing year. The Department also stated that flue-cured tobacco under loan would be priced comparable to the 1976 support prices.

The new pricing policy, aimed at retaining the U.S. share of the flue-cured tobacco export market, was intended to make additional supplies available at more competitive prices. On December 10, however, the Department terminated the new sales policy and reverted to the traditional procedure of pricing tobacco under loan comparable to market prices.

Under present tobacco legislation, escalating loan rates have increased CCC stocks and pushed U.S. tobacco prices substantially above those of most foreign competitors, thus reducing our exports and encouraging increased imports. During the past year, Government loan stocks rose 70 percent to 250 million pounds.

#### International Trade

Sugar import duty tripled. Effective September 21, the President increased the import duty on raw sugar from 62.5 cents to \$1.87 per hundredweight. This action supports the U.S. sugar price above the world price and the action was to protect domestic sugar producers from low world prices.

Meat import quotas declared. The President limited calendar 1976 imports of fresh, chilled, or frozen cattle, goat, and sheep meat to 1,233 million pounds. The October 9 proclamation, made under the provisions of the Meat Import Act of 1964, was followed on October 27 by country allocations based on market shares during the 1973-74 period.

On October 26 USDA issued a regulation to prohibit further imports of foreign beef processed in Foreign Trade Zones, including Puerto Rico, for the remainder of 1976. This action was taken to prevent circumvention of the Meat Import Law and the meat quota set in the October 9 proclamation.

In late December the Secretary of Agriculture announced substantive agreements with the governments of major meat exporting countries to keep 1977 U.S. meat imports under the trigger level of 1,281.9 million pounds. Estimates above this level will activate quotas under the 1964 law.

#### Other

Beef grade standards modified. Revised U.S. grade standards for beef, previously scheduled to become effective in April 1975, became effective February 23. They allow slightly leaner beef (less marbling) to qualify for U.S. Prime and Choice grades, require that all federally graded beef be graded for both quality and yield, eliminated conformation (shape of carcass) as a factor in determining quality grades, and redefined the U.S. Good grade to make it more restrictive. Previously, beef could be graded for quality or yield, or both. The lower marbling criteria for Prime and Choice grades combined with the requirement that all federally graded beef be identified for both quality and yield could lead to a decrease in the amount of excess fat on high quality beef carcasses.

Agricultural policymaking reorganized. In March 1976, the President reorganized the agricultural policy-making machinery. A new Agricultural Policy Committee, chaired by the Secretary of Agriculture, replaced the International Food Review Group, chaired by the Department of State, and the Economic Policy Board/National Security Council Food Committee, co-chaired by the Departments of State and the Treasury. The new committee reported directly to the President and advised him on the formulation, coordination, and implementation of all agricultural policy.



Marketing year changed. The "Wheat Marketing Year Adjustment Act," (PL 94-61) approved July 25, 1975, changed the marketing year for wheat from July 1 through June 30 to June 1 through May 31. After a review of the marketing years for oats, barley, rye, flaxseed, and sorghum, USDA announced on April 13 the change to June 1 through May 31 for oats, barley, rye, and flaxseed, but not for sorghum. The previous marketing year for oats, barley, rye, and flaxseed had been July 1 through June 30. The marketing years were changed to more nearly correspond to harvesting schedules in major producing areas.

Indexes revised. USDA's Indexes of Prices Paid and Prices Received by U.S. farmers, the two components of the Parity Ratio, were revised in May to reflect changes in costs and spending patterns. These indexes are used to determine parity prices and support levels for farm programs. The Prices Paid Index is also specified by the Agriculture and Consumer Protection Act of 1973 to adjust target prices. Production items, formerly about half of the Prices Paid Index, now represent three-fifths. The number of items included within individual subgroups was reduced about a fourth, substantially cutting the reporting burden on price correspondents. The update revised the index downward slightly for the 1965-75 period. Both indexes were revised using 1971-73 as a base weight period. Commodities included in the Prices Received Index were reduced from 55 to 44 which lowered the index slightly also for the 1965-75 period.

Consumer advisory committee established. The Secretary of Agriculture appointed 17 members to USDA's newly-formed National Consumer Advisory Committee on December 30. The committee grew out of the USDA Consumer Representation Plan published in the September 28 Federal Register. The members, who represent diverse geographical areas and a cross-section of consumer interests, will advise the Department on (1) policy matters of significant interest to consumers, (2) the effectiveness of USDA's efforts to consider consumer viewpoints when making policy changes, (3) problems of importance

to consumers, and (4) means by which consumer needs can be met by the Department. The committee, appointed to meet semiannually for 2 years, will report to the Secretary through the Assistant Secretary for Marketing and Consumer Services who will serve as Chairperson. (The new Secretary has stated that all advisory committees will be reviewed, and some may be discontinued.)

### 1976 Policy-Making Legislation

#### Commodity and Credit Programs

Rice program. The Rice Production Act of 1975, passed in February, suspended marketing quotas and penalties, removed restrictions on rice production, and established disaster payment provisions and an allotment of 1.8 million acres for the 1976 and 1977 crops. The act set a target price base of \$8 and a price support loan rate of \$6 per hundredweight for those producers who hold allotments. Only production from allotted acreage is eligible for price support and deficiency payments, which are limited to \$55,000 per person each year. Although set-aside may be authorized by the Secretary of Agriculture, none was specified for the 1976 crop and a preliminary determination of no set-aside for the 1977 crop, made December 28, will be followed by a final decision before April 1. The new act substantially changed the rice program to one similar to those for the major commodities under the Agriculture and Consumer Protection Act of 1973, and provides a basis for the design of succeeding legislation.

Emergency livestock credit. The Emergency Livestock Credit Act of 1974 was extended through September 30, 1978. The new law (PL 94-517), approved October 15, extends the provision of Government guarantees on loans to livestock producers who otherwise could not get credit from commercial sources.

#### Regulatory Actions

Bonding requirements. Amendments to the Packers and Stockyards Act of 1921 were approved September 13. The new law, PL 94-410, requires packers who purchase

more than \$500,000 worth of livestock annually to obtain bond coverage, hold livestock, meats, and receivables in trust until payment is made for purchases on a cash basis, and pay the full purchase price before the close of the next business day following transfer of possession. The legislation was proposed after a large mid-western meat packer filed for bankruptcy in 1975, owing more than \$20 million to producers for livestock.

The new law also specifically authorizes USDA to request the Attorney General to seek a temporary injunction or restraining order in Federal District Court to prevent immediate financial damages to persons within the livestock industry resulting from unlawful actions of persons subject to the P & S Act. Since the amendments to the P & S Act became effective, USDA's Packers and Stockyards Administration has been able to move quickly to prevent operations which appeared likely to result in irreparable financial damages.

Tax law changes. The Tax Reform Act of 1976, approved October 4, contains many changes in the tax picture for agriculture, the most significant of which may be the taxation and transfer of estates. Under prior law, estates and lifetime gifts were treated separately, with individual tax rate schedules and exemption allowances. Under the new law, the same rate schedule applies to both taxes. The basic estate tax exemption has been raised from \$60,000 to \$120,000 in 1977 and to \$175,000 by 1981. Certain estates comprised mainly of farm or other closely-held businesses can now qualify for use-value assessment rather than assessment based on market value. However, use-value assessment cannot reduce the value of the estate by more than \$500,000. Other items include a continuation of the 10-percent investment tax credit, liberalization of the retirement income credit, revised provisions for long term capital gains, and several changes which affect the treatment of tax shelters in agriculture.



Grain inspection. The United States Grain Standards Act of 1976 (PL 94-582), approved October 21, required the creation of a new agency, the Federal Grain Inspection Service (FGIS), within the Department of Agriculture. The new service, established November 20, is now recruiting samplers, inspectors, weighing supervisors necessary to carry out the law's provisions. In general, all U.S. grain exports must now be inspected and graded by the FGIS or by States that have been delegated export inspection authority by the FGIS administrator. Similarly, all grain passing through any export facility in the United States must be officially weighed under FGIS supervision or by States that have been delegated export weighing authority by the FGIS administrator. The supervising Federal or State official must certify the weight of the grain.

Other provisions of the law, such as increased civil and criminal penalties, improved investigatory powers, and expanded overseas grain shipment monitoring should help prevent grain inspection and weighing irregularities in the future and insure both foreign and domestic buyers of the quality and quantity of the grain purchase.

#### Producer Group Decisions

##### ELS Cotton Quotas Approved

Growers of extra long staple (ELS) cotton approved marketing quotas for the 1977 crop by an 85.2-percent vote in a December 6-10 mail referendum. Quotas, approved continuously now for the past 24 years, require approval by at least two-thirds of the growers voting in the annual referendum.

Under the quota system, ELS cotton growers who comply with program requirements will be eligible for loans for the 1977 crop. A preliminary loan rate of 76.7 cents per pound and a national allotment of 120,000 acres were announced October 15. Growers who exceed their allotments are ineligible for loans and subject to penalties on the excess production.

### Upland Cotton Promotion Boosted

Upland cotton producers voted in a national referendum in mid-December to amend the Cotton Research and Promotion Order to provide an additional assessment of 0.4 of 1 percent of the value of the cotton marketed beginning with the 1977 crop. Growers currently pay \$1.00 per bale to strengthen cotton's competitive position and expand domestic and foreign markets. At current cotton prices the new levy could run between \$1.00 and \$1.25 per bale, for a total of \$2.00 to \$2.25 for the 1977 crop. Approximately two-thirds of last year's assessments were used for promotion and advertising while the remaining one-third financed research.

### Legislative Policy Plans for 1977

Congressional plans for a 1977 farm bill are underway in the Nation's capitol. Committee work on a bill (which later may be amended, substituted, passed, defeated, vetoed or made law) has focused on farm price and income components although the final bill will likely include other parts as necessary to ensure acceptance by the urban majority.

Detailed work has focused on a new cost of production concept for price and income support programs. This concept was initially given viability in the 1973 farm act wherein the Secretary of Agriculture was required "in cooperation with the land grant colleges, commodity organizations, general farm organizations, and individual farmers (to) conduct a cost of production study of the wheat, feed grain, cotton, and dairy commodities under the various production practices and establish a current national weighted average cost of production." The completion of that study in 1975 laid the groundwork for implementing the cost of production concept into legislation in 1977.

Other components of the bill may range from beekeeper indemnity programs to programs for wool and mohair producers. In between likely will be dairy programs,

extension of Public Law 480, a rice program, revision of sales prices on CCC commodities, and perhaps peanut and sugar legislation. If concern over world hunger becomes significant among urban legislators, grain reserves and agricultural research may also be included.

The inclusion of grain reserves could provide an interesting twist. Its focus might well be how large stocks should be allowed to accumulate before farmers' interests are served by imposing acreage restrictions.

Legislation Introduced in 95th Congress

(Compiled by Valerie Apollo)

The 95th Congress convened on January 4 and, by the end of the month, over 700 bills had been introduced. A perusal of those bills yielded the following listing specifically related to agriculture and food.

<u>Bill No.</u>	<u>Sponsor</u>	<u>Objective</u>
H.R. 21	Mr. Wylie	To reform Food Stamp Act by improving provisions relating to eligibility, simplifying administration and tightening accountability.
H.R. 615	Mr. Roberts	
H.R. 621	Mr. Robinson	
H.R. 787	Mr. Broyhill	
H.R. 33	Mr. Smith	To assist in the marketing and handling of the 1977-1981 crops of feed grains, wheat, cotton, and soybeans and to determine the conditions under which such commodities owned or controlled by the U.S. Government may be sold or used for disaster assistance.
H.R. 78	Mr. Wampler	Establish a National Agricultural Research Policy Advisory Board.
H.R. 79	Mr. Wampler	
H.R. 90	Mr. Baldus	Provides price support for milk at not less than 90 percent of parity.
H.R. 939	Mr. Kastenmeier	
H.R. 326	Mr. Delaney	Provides for regulation of the export of agriculture commodities.
H.R. 329	Mr. Duncan	Bans DES as a growth stimulant.
H.R. 387	Mrs. Holt	Amends the Food Stamp Act to prohibit any individual from receiving food stamps who receives at least one-half of his income from any other individual who is a member of another household which is ineligible for food stamps.
H.R. 496	Mr. Lloyd	



<u>Bill No.</u>	<u>Sponsor</u>	<u>Objective</u>
H.R. 498	Mr. Lloyd	To provide young farmers with the necessary assistance to purchase family farm units.
H.R. 505	Mr. Lloyd	To prevent famine and establish freedom from hunger by increasing world food production through the development of land-grant type universities in agriculturally developing nations.
H.R. 726	Mr. Alexander	Provides for 50 percent reduction of the burden on respondents in the Agricultural Census starting in 1979.
H.R. 622	Mr. Robinson	To amend the Food Stamp Act to exclude from coverage households which have members who are on strike.
H.R. 939	Mr. Kastenmeier	To raise minimum milk support to 90 percent of parity, with quarterly adjustments, from April 1, 1977, to March 31, 1979.
H.R. 969	Mr. Moorehead	To transfer jurisdiction over the food stamp program to the Secretary of HEW.
H.R. 1328	Mr. Sebelius	To remove the food allocation requirements of Title I of the Agricultural Trade Development and Assistance Act.
H.R. 1349	Mr. Taylor	To require imported meat products made in whole or in part be labeled "imported".
H.R. 1359	Mr. Walker	To improve level of nutrition of people on food stamps by authorizing their use only to food which the Secretary determines to be nutritious and which is labeled accordingly.
H.R. 1490	Mr. Hagedorn	To extend the period during which applications for insurance may be made under the Federal Crop Insurance Act.
H.R. 1561	Mr. Bingham	To amend and extend the Export Administration Act to improve the administration of export controls.
H.R. 1698	Mr. Roncalio	To assure Americans of a stable and adequate supply of sugar by assuring the continued existence of a viable domestic sugar industry.
H.R. 1835	Mr. Mathis	To require imported palm oil and products to be labeled and inspected.
H.R. 1856	Mr. Mathis	To amend the Tariff Schedules of the U.S. relating to rates of duty for palm oil.

<u>Bill No.</u>	<u>Sponsor</u>	<u>Objective</u>
H.R. 1973	Mr. Sebelius	To provide additional emergency credit for farmers and ranchers and to expand existing credit and emergency credit authority to them under the Consolidated Farm and Rural Development Act.

#### SENATE

S. 6	Sen. Leahy	Provide for price support of milk at 85 percent of parity.
S. 69	Sen. Stevenson	To amend and extend the Export Administration Act to improve the administration of export controls.
S. 92	Sen. Williams	
S. 90	Sen. Nelson	To provide price support for milk at not less than 90 percent of parity.
S. 203	Sen. Bellmon	To amend and extend the Agricultural Act of 1970.
S. 240	Sen. Dole	To amend the Soil Conservation and Domestic Allotment Act to provide an updated national direction to the conditions under which the Federal Government will provide financial assistance to agricultural producers for needed soil, water, wood, and wildlife conservation on agricultural lands.
S. 248	Sen. Dole	To establish a National Agricultural Research Policy Advisory Committee.
S. 267	Sen. Dole	To amend the Commodity Exchange Act.
S. 275	Sen. Talmadge	"Omnibus Farm Bill"--new 5-year farm bill.

#### COMMENTARY

#### PUBLIC AGRICULTURAL AND FOOD POLICY-- ISSUES AND ALTERNATIVE DIRECTIONS

*Summarized by R. G. F. Spitze*

Legislation terminates for major provisions of the U.S. price and income policy in the agricultural and food area on December 31, 1977, when the Agriculture and Consumer Protection Act of 1973 expires. These expiring provisions pertain to wheat, feed grains, cotton, and dairy, food stamps and certain other food distribution activities, Public Law 480, cropland conversion program, wool, disaster payments, rice, and level of payment limitations.

Strategies facing the public policymaking process are infinite but at the most general level, they are: (1) take no action, thereby permitting these programs to terminate or revert to earlier legislation (2) extend the 1973 Act without change for one or two years (3) continue for a few years the primary thrusts of the 1973 Act with minor alterations, perhaps in loan and target rates, or (4) formulate additional legislation to chart new policy for a period of specified years or even indefinitely.

The policy package which would remain with strategy No. 1 was traced in detail by J. B. Penn in the July 1976, Issue No. 2, of *Policy Research Notes*. Strategy No. 2 could be finalized any time during the early months of the 95th Congress but no later than midyear, and would represent merely a holding action awaiting more fundamental policy formulation. Strategies No. 3 and 4 involve controversial changes and successive iterations among the Committees and Houses of Congress, and between the branches of governments. These proposals would need to have initial Committee agreement at least by mid-May to meet the Labor Day deadline for approval by both Houses.

The strategies chosen as well as the speed of their choosing will be substantively affected by the unfolding economic and agricultural situation, both domestic and worldwide, along with the evolving character of the new Congress and Administration. And, of course, much study, discussion and policy proposing is already well underway.

Within the above general policymaking strategies, more specific policy choices center on alternative policy directions, policy issues, and policy instruments. Whatever policy does emerge in 1977 will be some combination of selections from these three kinds of choices. Alternative policy directions, issues, and instruments have been analyzed and reported by many workers within the policy research group. This summary is presented to capture the primary findings from a selection of current policy literature.



### Alternative Policy Directions\*

Policy discussion and decisionmaking moves at different levels of generality and comprehensiveness. At one level of choice, attention focuses on the overall direction, approach or goals, while at another, it focuses on specific issues. Overall directions can be differentiated by identifying the specific "policy instruments" package that would implement each and then by tracing the likely economic consequences.

In a logical, positive vein, the four policy directions herein summarized were conceptually identified as existing along a continuum. The two extremes of the continuum--at one end, elimination of all public agricultural and food policy, and, at the other, complete public control of agricultural production and distribution--were not selected for analysis because of their irrelevancy to the decisionmaking at hand. Those four selected represent the range of possibilities and of our actual policy history. They are only being analyzed for policy information, not being recommended. Each, in turn, is described; then the policy instruments and most likely consequences are traced comparatively in Table 1.

Market-Oriented Policy Direction. Among the four summarized here, this policy approach has the least direct governmental intervention related to agriculture and food in production, pricing, marketing, trade as to both export and import, food distribution, demand expansion, resource development, and income determination. In short, it assumes a wiping away of all commodity and food assistance programs, both domestic and foreign, initiated in this century. Public policy would remain

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\*Summarized from four major research papers developed for a Policy Research Workshop, January 1976, by the following author(s) listed in the same order as the respective summaries herein: Alex F. McCalla and Harold O. Carter; Daryll Ray, Luther Tweeten and James Richardson; Jerry A. Sharples and Rudie W. Slaughter, Jr.; and John A. Schnittker. Complete papers appear in *Agricultural and Food Price and Income Policy--Alternative Directions for the United States and Implications for Research*, University of Illinois Ag. Exp. Sta., Special Publication 43, August, 1976, 160 pp.

Table 1 - ALTERNATIVE POLICY DIRECTIONS--INSTRUMENTS AND CONSEQUENCES

PUBLIC POLICY "INSTRUMENT PACKAGES"	MARKET-ORIENTED (consequences compared to 1950-70)	CONT. MIN. PROV. of 1973 Act (compared to market-oriented; high probable results indicated)	STABILITY OF PRICES- INCOME VIA RESERVES (compared to market- oriented)	GOVERNMENTAL INVOLVEMENT (compared to market- oriented)
RESERVES	None	Only temporary	Substantial reserves	Substantial reserves
PRODUCT PRICING	Only market infor- mation & anti-trust effort	Minimal supports on crops, dairy	Price stabilizing thru reserves mgt.	Price supports at cost-of-production
INCOME ALTERING	None	Min. support by esca- lating target price	None	Price supports & land adjustment payments
SUPPLY MANAGING	Only education, re- search, credit	Set-aside voluntary production control	Voluntary prod. control on low price side	Voluntary pro- duction control
TRADE Export regulation	None	None	Q. controls on high & subsidies on low side	Regulatory inter- vention or export board
Import regulation	None	Minimal on supported products	Quantity and price to protect program	Regulatory inter- vention
DOMESTIC FOOD AID	None	Expanding food stamp	Not included	Expanding food aid
FOREIGN FOOD AID	None	Minimal stable PL 480	Not included	Expanding food aid
POLICY CONSE- QUENCES PRODUCERS Production	Higher	Same (as market oriented)	Avg. is similar, but less yrly. variation	Less with some production control
Price level	Lower unless rapidly rising exports	Same	Avg. is similar, but less variation	Minimum protected at cost-of-pro- duction
Price varia- bility	Greater	Slightly less	Much less	Less
Income level	Lower unless rapidly rising exports	Slightly higher	Avg. is similar, but less yrly. variation	Higher
CONSUMERS, DOMESTIC Food quantity	Higher unless rapidly rising exports	Same	Avg. is similar, but less yrly. variation	Slightly less
Food price level	Lower unless rapidly rising exports	Same	Avg. is similar, but less variation	Higher minimum & less variability
Low income con- sumers	No public food assistance	Substantial food aid	Avg. is similar, but more stable S and price	Substantial food aid
FOREIGN TRADE Export quantity	Greater	Same plus minimal food aid	Avg. is similar, but less variation	Less except aid, and less yrly. variation
Export price	Lower unless rapidly rising exports	Same	Avg. is similar, but less variation	Higher minimum & less variability
Import quantity	Slightly higher	Slightly lower	Slightly lower	Slightly lower
TAXPAYER COSTS	Lower budget costs	Greater by food aid & disaster payments	Greater with re- serve mgt. & prod. control	Higher by reserves, aid; by payments if used

relating to research, education, grades and standards, quality and safety, environment, conservation, credit, market information, and antitrust regulations. The current private organization and structure of both the farm and nonfarm sectors are assumed to continue. (See summarization of policy instruments and most likely economic consequences in Table 1.)

Continued Minimal Provisions of Agriculture and Consumer Protection Act of 1973. This policy approach provides governmental intervention for product prices and producer incomes at rather minimal levels for wheat, feed grains, cotton, and dairy products by means of price supports, target prices, set-aside acreages, and deficiency payments with a \$20,000 per person limitation. Minimum price supports, with discretion for the Secretary to raise them, were initially set by the act at \$1.37/bu. for wheat (compared with the 1971-73 average market prices of \$2.37, or 58%); \$1.10/bu. for corn (compared with the similar average market prices of \$1.73, or 65%); for cotton, 90% of previous 3-year prices of U.S. cotton in world markets; and for dairy, initially 80% and then 75% of parity. All of these minimal price support levels in the act are now lower relative to recent market prices than they initially were at the time of enactment.

The minimal levels of income support provided in the act can be seen in the target prices, even though they were escalated for the final 2 years of the 4-year policy by a factor composed of changes in prices paid by farmers for production items and adjustments for yield changes. For wheat, the original target price of \$2.05/bu. was escalated to \$2.29/bu. for 1976. But this price was still only 59% of the average market price of \$3.85 for the previous 1973-75 period, compared with 86%, the initial ratio between target and previous market prices. For corn, the original target of \$1.38/bu was escalated to \$1.57/bu. for 1976. Again, this figure was only 58% of the average market price of \$2.71/bu., for the previous 1973-75 period, compared with 80% in the initial ratio between target and previous market prices. For cotton, the original target price of \$0.38/lb. was escalated to \$0.43/lb.

for 1976, which was 93% of the average market price of \$0.46/lb. in 1973-75. Under this alternative policy direction, these target prices would continue to be escalated in this way. In addition, a disaster provision provides payments to farmers experiencing serious loss from natural catastrophies.

The 1973 Act also had provisions for wool; P.L. 480 was continued at a fairly stable level of \$1 to \$1.5 billion per year but substantially decreased in real value from previous periods; and a food stamp program was extended, growing rapidly to a total Federal outlay in 1976 of well over \$5 billion. Other price and income policy related to agriculture and food would be expected to continue as operating during the term of the 1973 Act.

The consequences of this alternative are projected with the general assumptions of: CPI increasing at 6% per year; crop yield increases of 1% to 1.5% per year, or slightly less than recent trends; domestic demand increasing at recent rates; and foreign demand increasing slower than the 1973-74 period but faster than the earlier period. (See summary in Table 1.)

Stability of Price-Income via Reserves. This policy approach focusing on the policy instrument of commodity reserves uses sufficient Governmental interventions to reduce substantially price and income instability. The policy concerns are price instability of the farm products and of food and the income instability of producers. The main policy tool is a Governmental buffer stock (reserves of food grains, feed grains, and soybeans), but it is backstopped by production controls and export regulations.

An acceptable price band for these products would be established in view of the economic situation, interest groups, and political considerations, for a period long enough to affect firm planning. It would be wide enough to permit considerable resource allocation and consumer choice, but narrower than the experienced high prices of the 1973-74 period or the expected low prices under the market-oriented alternative examined above. As market prices dropped below the low end of the band



or rose above the high end, public stocks would be respectively acquired and released. If the downward price pressure continued, voluntary production control through set-aside payments would be triggered. Continued upward price pressure would trigger export rationing. Administrative implementation would utilize price-probability tolerances based upon empirically identified marginal values of stocks, exports, and production control. The buffer stocks would probably fall in the 10-30 million ton range. (See summary in Table 1.)

Governmental Involvement. This policy approach embodies sufficient Governmental use of several targeted policy instruments to achieve national agricultural and food objectives appropriate to the economic-social-political situation. While Governmental action in the other alternatives was rejected or used for limited and specific goals, it is accepted and fashioned here as part of a coherent comprehensive economic policy. Policy would operate in four areas of the agricultural and food sector.

First, price supports would be the primary instrument to protect producer price and income levels and to ensure adequate reserves. Support levels would be high enough to be effective before extremely low price levels were reached, and similar to those relative levels originally embodied in the 1973 Act. Support levels to achieve goals consistent with this approach, cited merely as examples, could be as follows: wheat loan rate for 1976 of \$3.00/bu., 78% of 1973-75 market prices; corn loan rate of \$2.25/bu., 83% of 1973-75 market prices; soybean loan rate of \$4.75/bu.; and milk of \$7.75/cwt. Second, production control of the voluntary, payment-supported, acreage adjustment type would be available to prevent government stock buildup, greater than reserve goals, at the desired price support levels.

Third, there would be a deliberate food reserve held partly by Government and partly by farmers and the private trade to stabilize food prices, fulfill export

commitments, and minimize export controls. There would be a clearly mandated reserve pricing policy, with the buildup level being a cost of production-based support level, and the release level being 150 percent of these support prices. Fourth, regulatory intervention in the export market would be used as necessary to help stabilize prices at levels tolerable for both consumers and farmers. The idea of a quasi-government export board to handle exports and other pooling and adjustment programs consistent with this approach is probably not feasible in the United States, although the design of such an arrangement could be relatively simple. (See summary in Table 1.)

#### Emerging Policy Issues and Possible Instruments\*

Public policy analysis, discussion, and even decision making proceeds around issues, specific problems, or questions. These issues generate pro and con positions, advocates and critics. At times, the public views an existing policy as generally acceptable, except for a few troublesome, controversial, or unresolved issues. Thus, policy decisions are usually made around specific issues and a combination of such decisions on many interrelated issues characterizes the evolution of major policy.

Identified below are topical issues considered by many policy analysts to be

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\*This summary of issues draws heavily on the first four of the following recent informative analyses in the policy literature, representative of many others also available: (1) Gardner, Bruce, *Economic Issues in the 1977 Farm Legislation*, October 14, 1976 draft; (2) Penn, J. B. *The 1977 Food and Agriculture Act: The Evolving Issues, The Choices, The Determinants*, April 28, 1976 paper; (3) Daft, Lynn, et al., *U.S. Food and Agricultural Policy in the World Economy*, Congressional Budget Office, April 26, 1976; (4) Spitze, R.G.F., (ed.) *Agricultural and Food Price and Income Policy: Alternative Directions for the U.S. and Implications for Research*, Univ. of Ill, Expt. Sta. Pub. 43, August, 1976; (5) Brandow, G. E., *Issues in Food and Agricultural Policy--An Evaluation of Policy Instruments*, September 15, 1976, paper; (6) Farrell, K. R., *Public Policy, the Public Interest, and Agricultural Economics*, August, 1976 paper; (7) Knutson, Ronald D., *The 1977 Farm Bill: The Critical Issues*, Texas A & M Extension Service, September, 1976; (8) Robinson, K. L., *Agricultural or Food Policy--Which Is Needed?*, August 25, 1976 paper (9) *Farm and Food Policy 1977*, Senate Agriculture Committee Print, September 15, 1976; (10) Tweeten, Luther, *Objectives of U.S. Food and Agricultural Policy and Implications for Commodity Legislation*, July, 1976 paper.

of primary importance for the 1977 agricultural and food policy development:

1. Level of support prices (loan rates)
2. Level of target prices
3. Procedures or adjustment factors for varying target and/or loan rates as economic conditions change over time (such as cost of production, parity, world prices, a relation to level of carryover, or moving average market prices)
4. Commodities covered by the omnibus legislation
5. Disaster payments and other crop insurance provisions
6. Criteria for acreage allotments as a basis for deficiency, disaster, and set-aside payments
7. Status of voluntary set-aside, land retirement provisions
8. Price stability for producers and consumers with particular relation to world markets
9. Food and/or grain buffer stock reserves, domestic and/or international, a particular need for them, levels, and procedures for acquiring and releasing
10. Division of responsibility for any reserves as between the private and public domain
11. Domestic food aid and distribution, particularly eligibility, levels, and programs for specially targeted recipients
12. Foreign food aid, particularly level, form, administration, and relation to technical assistance
13. Status of specific commodity programs, such as dairy, rice, peanuts, extra long staple cotton, sugar, and wool
14. Export controls
15. Import controls
16. Interrelations among fiscal/monetary and agricultural and food policies
17. Effective term in years for any policy provision or omnibus legislation

POLICY RESEARCH NEWS ITEMS

*(projects and activities as submitted)*

FARM AND FOOD POLICY, 1977

Studies and publication prepared pursuant to forthcoming farm legislation in

1977, by Committee on Agriculture and Forestry of the U.S. Senate, 94th Congress, 2nd Session. Committee Print 75-404, September 1976.

Inquire from one of the authors, Luther Tweeten, Regents Professor, Dept. of Ag. Econ., Oklahoma State Univ., Stillwater, OK 74074, or order above publication from U.S. Govt. Printing Office, Washington, D.C.

#### OMNIBUS FARM BILL

A summary is being developed of all General Accounting Office recommendations since 1973 related to current farm bill discussions.

Inquire from Don Forcier, Food Coordination and Analysis Staff, Room 6826, U.S. General Accounting Office, 441 G. Street NW, Washington, D.C. 20548.

#### ANALYSIS OF AMENDED CANADIAN AGRICULTURAL STABILIZATION ACT

A completed study describes the changes made by the amended legislation, discusses its objectives, and analyzes the ability of programs formulated under the amended act to attain its objectives in the pork and beef sectors.

Request publication reporting results, *An Analysis of the Amended Agricultural Stabilization Act with Special Reference to the Livestock Industry*, Bulletin AEEE/76/11, from the author, Larry Martin, School of Ag. Econ. and Ext. Educ., Univ. of Guelph, Guelph, Ontario, Canada, N1G 2W1.

#### FARMER OPINION SURVEY ON POLICY ISSUES

Some 1500 questionnaires were sent during early November to a stratified random sample drawn by the Crop Reporting Service of all farmers in each of two States, Illinois and Indiana. The survey concerns farmer opinion on several current policy issues. Results will be available in early February. As a consequence of these efforts, similar surveys have followed in Minnesota, Georgia, Tennessee and Washington State.

Inquire from H. D. Guither, 305 Mumford Hall, Univ. of Ill., Urbana, IL 61801, or Bob F. Jones, Dept. of Ag. Econ., Purdue Univ., West Lafayette, IN 47907.



## RESPONSE OF FARMERS TO SUPPLY CONTROL MECHANISMS IN 1960-72

Regression analysis is used to relate farmers' response in acreage control to program levels such as price supports, direct payments, commodity prices, location, etc.

Inquire from Earl O. Heady, Director of CAED and Distinguished Professor of Economics, 578 East Hall, Iowa State Univ., Ames, IA 50010.

## COMMODITY PRICE SUPPORT PROGRAMS AND FARM INCOME

In this study, farm income and assests were distributed to economic class of farm for 1970. The results show why commodity price support programs are likely to result in further pressure for expansion in farm size.

Request publication reporting results, *Returns to Equity Capital by Economic Class of Farm*, AER 347, USDA ERS, August 1976, from Robert Reinzel, NEAD, ERS, USDA, 500 12th St., S.W., Washington, D.C. 20250.

## U.S. FOOD POLICY

The General Accounting Office is supporting a long-term project to analyze the organization of food policymaking in the United States. It will involve identification and description of current food-related programs and organziations within the Federal Government, and how they affect certain target groups, implement food-related policy mechanisms, and affect overall food-related goals.

Inquire from Bill Wood, Food Coordination and Analysis Staff, Room 6826, U.S. General Accounting Office, 441 G. Street, NW, Washington, D.C. 20548.

## CONSEQUENCES AND ADJUSTMENTS TO PRICE INSTABILITIES

The objectives of this planned research are to measure price, input, and income instability for representative farming operations in the United States and evaluate their impacts on farmers; estimate the impacts of price instability on the supply of selected crops and livestock products and measure the losses in social welfare that result from such instabilities; determine how and to what degree farmers

in representative situations can reduce the impacts of price and yield instability on their farm businesses through contracting, diversification, and enterprise sharing arrangements; and determine the implications of price and yield instability on the organization and structure of selected farming endeavors.

Inquire from Richard G. Heifner, NEAD, ERS, USDA, 500 12th St., SW, Washington, D.C. 20250.

#### *CROP INSURANCE AND DISASTER PAYMENTS*

A simulation model has been developed to estimate future disaster payments under the 1973 Act. This model provides the capability of evaluating changes in the current disaster payment program as well as changes in the program of the Federal Crop Insurance Corporation. Several options have been evaluated for improving Government programs protecting producers' income against crop failures.

Inquire from Thomas A. Miller, APA/CED/ERS, USDA, Econ. Dept., Colorado State Univ., Fort Collins, CO 80523.

#### *SOCIALLY OPTIMAL WHEAT RESERVES FOR THE UNITED STATES*

A research project is under way.

Inquire for reports soon to be available from C. Robert Taylor, Dept. of Ag. Econ., Texas A & M Univ., College Station, TX 77842.

#### *ANALYSIS OF A GRAIN RESERVE PLAN*

Analysis examines a very specific proposal for grain reserves. That proposal would authorize the U.S. Government to purchase grains under certain conditions. It would also prevent the U.S. Government from releasing those reserve grain stocks except under certain conditions.

Request paper reporting results from Robbin S. Johnson, Asst. Vice President, Cargill Inc., P. O. Box 9300, Minneapolis, MN 55440.

## *A SIMULATION ANALYSIS OF ALTERNATIVE COTTON PRICE SUPPORT AND ALLOTMENT LEVELS*

A research project is under way.

Inquire for report soon to be available from C. Robert Taylor, Dept. of Ag. Econ., Texas A & M Univ., College Station, TX 77843.

## *THE FUTURE STRUCTURE OF AMERICAN AGRICULTURE*

A computer simulation model "GRAIN 1" was developed to project alternate futures for the U.S. wheat production system. The model, developed for ERS and ASCS in USDA, generates data on the number and size of farms, prices, production, farm incomes, farmer age distributions, and land in farms.

Inquire from Leonard J. Brzozowski, Associate, Cresap McCormick and Paget, Inc., 1776 K St. NW, Washington, D.C. 20006.

## *NUTRITION EDUCATION AND MONITORING NUTRITION STATUS*

One study involves an evaluation of the level and effectiveness of nutrition education activities of the Federal Government. Another study involves identification of improving means of monitoring the nutrition status of the U.S. population.

Inquire from Jack Brock, Food Coordination and Analysis Staff, Room 6826, U.S. General Accounting Office, 441 G Street, NW, Washington, D.C. 20548.

## *FOOD PROGRAM EVALUATION STATUS REPORTS, COMPLETED STUDIES*

This report, which summarizes evaluations of domestic food assistance programs, is updated twice a year, the latest being October 1976.

Request report from Stephen J. Hiemstra, Director, Economic Analysis Staff, FNS, USDA, Washington, D.C. 20250.

## *ECONOMIC IMPACTS OF FOOD STAMP AND SCHOOL LUNCH PROGRAMS*

In this study the U.S. Department of Commerce's input-output model was partially closed and used to identify the economic impact of these food programs in terms of net changes in business receipts, GNP, and jobs for calendar year 1973 and fiscal year 1974.

Request from Paul E. Nelson, NEAD, ERS, USDA, 500 12th St., S.W., Washington, D.C. 20250, a related publication, *Technical Supplement to Analysis of the U.S. Food Stamp and School Lunch Programs*.

Also request from Stephen J. Hiemstra, Director, Economic Analysis Staff, FNS, USDA, Washington, D.C. 20250, or from ERS Publications Office, Room 0054 South Building, USDA, Washington, D.C. 20250, the following related publications: *Economic Effect of Federal Contributions Made Under the U.S. School Lunch Program*, Ag. Econ. Report 350, ERS, USDA 1976. *Economic Effects of the U.S. Food Stamp Program*, Ag. Econ. Report 331, ERS, USDA.

#### FOOD MODELS

Inventories are being developed including a listing, description, and analysis of large scale food and agriculture decision models.

Inquire from Gary Boss, Food Coordination and Analysis Staff, Room 6826, U.S. General Accounting Office, 441 G Street NW, Washington, D.C. 20548.

#### EXPORT CONTROLS AND WORLD MARKET PRICE STABILITY

A quadratic programming model of world wheat trade has been developed to simulate the shortrun effects of shocks to the world wheat market. Simulations were run under alternative assumptions concerning the number of countries which permit world market price signals to be reflected into their domestic markets.

Inquire from Robert L. Thompson, Dept. of Ag., Econ., Krannert Bldg., Purdue Univ., West Lafayette, IN 47907.

Request related publications: *The Impact of Trade Restrictions on Price Stability in International Markets: A Simulation Analysis of the World Wheat Market*, and *The Short Run Welfare Effects of Export Controls*, by Thompson and Shun-Yi Shei.

#### INTERACTION BETWEEN EXPORT AND DOMESTIC POLICIES

Study uses simulation models to examine price and income effects as domestic policies and export levels interact.



Inquire from Earl O. Heady, Director of CAED and Distinguished Professor of Economics, 578 East Hall, Iowa State Univ., Ames IA 50010.

#### WELFARE EFFECTS OF THE MEAT IMPORT ACT PL88-482

PL88-482 reduced beef imports by 80 million pounds carcass equivalent. This decrease raised producer income more than \$100 million per year with about 70 percent going to fed cattle producers and about 25 percent to nonfed producers. The remainder went to the remaining importers and/or represented leakages from the system.

Request paper from Lloyd D. Teigen, CED, ERS, USDA, 500 12th St., S.W., Washington, D.C. 20250.

#### IMPACT OF U.S. DAIRY IMPORTS

An open econometric model of U.S. dairy sector has been estimated to assess the impact of changes in manufactured milk products on the U.S. dairy industry.

Inquire from Robert L. Thompson, Dept. of Ag. Econ., Krannert Bldg., Purdue Univ., West Lafayette, IN 47907.

Request related paper, *The Impact of Imports of Manufactured Milk Products on the U.S. Dairy Industry*, by Andrew N. Novakovic and Thompson.

#### FEDERAL MILK MARKETING ORDERS

A dairy marketing research study recently revealed interpretations of Federal Milk Marketing Order No. 1096 encompassing most of Louisiana. The typical basing point pricing provisions are being modified by zone differentials and intricate diversion privileges having considerable impact on income to both producers and milk handlers.

Inquire from William H. Alexander, Dept. of Ag. Econ. and Agribusiness, Louisiana State Univ., Baton Rouge, LA 70803.

#### PROJECTIONS OF FLUID MILK CONSUMPTION

Estimates of price elasticity of demand for fluid milk were made for nine geographic regions. Demand equations by geographic regions were developed for selected

periods to 1990. Implications for public policy are discussed.

Request from W. T. Boehm, Dept. of Ag. Econ., VPI & SU, Blacksburg, VA 24061.  
Also, a related publication, *The Household Demand for Fluid Milk in the U.S. with Regional Consumption Projected Through 1990*, Va. Tech. Res. Bul. 120, December 1976.  
UNCTAD'S INTEGRATED COMMODITY PROGRAMME

A study of the policies is being continued.

Inquire from T. K. Warley, School of Ag. Econ. and Ext. Educ., Univ. of Guelph, Guelph, Ontario, Canada, N1G 2W1.

Also request from above author a related speech, *U.S. Agriculture and the Third World*, National Agricultural Outlook Conference, Washington, D.C., November 15, 1976.  
IMPLICATIONS OF AN INCOME AVERAGING TRUST ACCOUNT

Numerous programs have been initiated in an attempt to stabilize farm income. This study examines the implications of an income averaging trust account which would provide farmers with a fund in which they could deposit a portion of their income during high income years for withdrawal during low income periods. Taxes on the income placed in trust would also be deferred, becoming payable as funds are withdrawn.

Inquire from J. E. Wiebe, Chairman, Planning and Research Secretariat, Agriculture Building 9718-107 Street, Edmonton, Alberta, Canada, T5K 2C8.

Request a related paper, *Feasibility of an Income Averaging Trust Account*.  
BARRIERS TO DIRECT MOVEMENT OF PRODUCT FROM PRODUCER TO CONSUMER

Project is underway to identify "barriers" to direct sales between farmers and consumer groups, such as consumer cooperatives. The types of barriers considered are those related to marketing orders, container requirements, health, and sanitation measures.

Inquire from Refugio I. Rochin, Dept. of Ag. Econ., Univ. of California, Davis, CA 95616.

## FOOD LOSS IN THE UNITED STATES

Available information indicates that the U.S. food loss is substantial. Reducing losses offers opportunities to improve productivity, conserve resources, and increase supplies. This study is designed to improve knowledge about these issues.

Inquire from Steve Sternlieb, Food Coordination and Analysis Staff, Room 6826, U.S. General Accounting Office, 441 G Street NW, Washington, D.C. 20548.

## CONTROLLED DISTRIBUTION OF THE APPLE CROP

This research was a study of the potential benefits of alternative monopolistic marketing programs for apples. Benefits were defined in terms of average levels of prices and quantities, and of the variability of prices and quantities. The alternatives considered included a simple supply control program, allocations based on a classic price discrimination program, and a price discrimination program with constraints on price levels and variability.

Inquire from W. G. Tomek, Warren Hall, Cornell Univ., Ithaca, NY 14853.

Request a related publication, *Potential Gains from Controlling Distribution of the U.S. Apple Crop*, Search Agriculture, Cornell Univ., Ag. Exp. Sta. 6:2, 1976.

## MODULARIZATION OF SHIPPING CONTAINERS IN THE FOOD INDUSTRY

Modularization of shipping containers in the food industry can improve the distribution of foods from factory to foodstore by increasing productivity, reducing damage, and making more effective use of space. An analysis is being made of the economic merits of modularization and how Federal policy affects it.

Inquire from Steve Sternlieb, Food Coordination and Analysis Staff, Room 6826, U.S. General Accounting Office, 441 G Street, NW, Washington, D.C. 20548.

POLICY RESEARCH PUBLICATIONS AVAILABLE

(List as submitted)

BRAY, CAROL E., *Canadian Dairy Policy*, ERS Foreign Agricultural Economic Report No. 127, 1976.

Request from ERS Publications Office, Room 0054 South Building, USDA, Washington, D.C. 20250.

BRZOZOWSKI, LEONARD J. *Grain Sales and Production Cycles: A Computer Simulation Study*, in Analyses of Grain Reserves, ERS No. 634, August, 1976

Request from ERS Publications Office, USDA, Washington, D.C. 20250.

CORTY, F. L., and J. C. VARELA, *Foreign Agricultural Trade and Its Importance to Louisiana*, D.A.E., No. 508.

Request report from F. L. Corty, Dept. of Ag. Econ. and Agribus., LSU, Baton Rouge, LA 70803.

GAVETT, EARLE E., *A National Program of Agricultural Energy Research and Development--The Current Situation--The Plan--Recommendations for the Future*, September, 1976, NTIS Access No. PB259605/AS.

Request from author, NEAD, ERS, USDA, 500 12th St., S.W., Washington, D.C. 20250.

GEMMILL, GORDON, *The World Sugar Economy. An Econometric Analysis of Production and Policies*, Ag. Econ. Report No. 313, Michigan State Univ., October 1976.

Request from Dept. of Ag. Econ., Michigan State Univ., East Lansing, MI 48823.

HEADY, EARL O., C. C. FABER, and S. T. SONKA, *World Food Analysis: Grain Supply and Export Capacity of American Agriculture Under Various Production and Consumption Alternatives*. CARD Report 60. Center for Agriculture and Rural Development, Iowa State Univ. (Price \$2.00).

Order from publisher.

MILLER, ROBERT H., *Tobacco Outlook: Prospects and Challenges*, (covers farm price and support program), October 15, 1976, Speech, 12 pages. Also *Cigarettes: Tax Developments and Sales Trends*, (considers 1976), 10 pp. speech 1976.

Request from author, CED, ERS, USDA, 500 12th St., S.W., Washington, D.C. 20250.

NELSON, FREDERICK J., and WILLARD W. COCHRANE, *Economic Consequences of Federal Farm Commodity Programs, 1953-73*, Agricultural Economics Reserach, Vol. 28, April 1976, pp. 52-64.

Request from Frederick J. Nelson, NEAD, ERS, USDA, 500 12th St., S.W., Washington, D.C. 20250.



SCHOONOVER, DAVID M., *Soviet Agriculture in the 1976-80 Plan*. Also, *Agricultural Trade Implications of the 1976-80 Soviet Economic Plan*.

Request from author, FDCD, ERS, USDA, 500 12th Street, S.W., Washington, D.C. 20250.

SISSON, CHARLES A., *Provisions of Importance to Agriculture in the Tax Reform Act of 1976*, ERS-645.

Request from ERS Publication Office, Room 0054, South Building, USDA, Washington, D.C. 20250.

SPITZE, R.G.F. (ed.), *Agricultural and Food Price and Income Policy--Alternative Directions for the United States and Implications For Research*, Univ. of Ill., Ag. Exp. Sta. Spec. Pub. 43, August, 1976, 160 pp.

Request from Publications, Ag. Econ., 305 Mumford Hall, Univ. of Ill., Urbana, IL 61801.

TONTZ, ROBERT L., *Foreign Agricultural Trade Policy of the United States, 1776-1976*, January 1977.

Request from author, FDCD, ERS, USDA, 500 12th St., S.W., Washington, D.C. 20250.

WOOD, BILL, *Catalog of Food Reports by the U.S. General Accounting Office*, (summarizes over 50 reports issued July 1975-December 1976).

Request from author at Food Coordination and Analysis Staff, Room 6826, U.S. General Accounting Office, 441 G Street NW. Washington, D.C. 20548.

#### AGRICULTURAL POLICY--THREE PERSPECTIVES

Proceedings of half-day Agricultural and Food Policy Session held Nov. 18, 1976 at the USDA National Outlook Conference includes speeches by Wayne Rasmussen, J. B. Penn, and Don Paarlberg; discussion by panelists, Hyde Murray, Ronald Knutson, William Richards, and Howard Hjort; and questions and answers from audience.

Request from ERS Publications Office, Room 0054, South Building, USDA, Washington, D.C. 20250.

#### CROP INSURANCE-DISASTER PAYMENTS

MILLER, T. A. and A. S. WALTER, *Options for Improving Government Programs That Cover Crop Losses Because of Natural Hazards*, APA Policy Issue Paper, ERS, USDA (to be released in late February).

#### BUDGET ISSUE PAPER

*Food and Agriculture Policy Options*, Budget Issue Paper, Congressional Budget Office, February 1977. Prepared by Ken Deavers, Jim Vertrees, Alan Walter, Robert Gordon, and Lynn Daft, this paper provides a general introduction to

farm policy, describes the economic setting in which new legislation will be implemented, examines major policy options, and estimates the budget costs and other effects of these options.

Paper available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402--Price \$1.75.